

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE FOR THE FOR THE 3 MONTHS ENDED DECEMBER 31, 2017.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Barita Investments Limited, we present the Group's interim financial statements for the first three months ending December 31, 2017.

For the quarter ended December 31, 2017, the Group reported net operating revenues of \$161.08 million despite incurring currency translation losses of \$62 million. Our key revenue drivers remain strong with gross revenue (excluding translation) recording a 5% growth compared to prior year.

Our operating performance highlights for the period under review are as follows:

- Net interest income rose 4.70% to \$80.78 million for the December 2017 quarter, as a 5.67% decline in gross revenues or interest income was offset by a 9.81% reduction in interest expenses.
- Non-interest income however declined 40.46% to \$80.29 million. This was the outcome of the Group incurring a translation loss of \$62.2 million. During the quarter, the Jamaican Dollar continued its strengthening against its U.S. counterpart and other major currencies. Cambio trading gains for the period amounted to \$7.41 million. Despite the reduction in non-interest income, we remain committed in our push to reduce our reliance on interest income; and grow non-interest revenue and funds under management. Non-interest income (excluding translation) as a percentage of total income closed the period at 64%.
- Fees and commission income experienced an 11.34% increase

to \$117.11 million. This area continues to benefit from growing funds under management and general improvements in the performance of the funds.

- Gain on the sale of investments closed the period at \$14.21 million, a decline of 34.26%. Dividend income also ended the period lower, registering a decline of 33.23% to \$2.13 million.
- Other income increased eight-fold to \$1.44 million.
- Our operating expenses experienced a marginal decline of 1.11% to \$166.38 million relative to \$168.25 million in the comparative period. This was largely due to the prior year inclusion of asset impairment charges of \$20 million. However, administration expenses actually increased by 14.84% to \$77.81 million due to increased advertising costs, and software related costs; while staff expenses climbed 10.03% to \$88.57 million primarily due to incentive payments made in December.

The highlights of our balance sheet as at December 31, 2017 are as follows:

- Total assets closed the period at \$16.45 billion, a growth of 7.48% relative to \$15.31 billion as at December 31, 2016. The increase was significantly attributable to an 87.06% increase in pledged assets to \$8.06 billion, and a 48.37% increase in securities purchased under resale agreements to \$3.36 billion. Marketable securities declined by 56.05% to \$3.002 billion.
- Liabilities for the quarter rose 7.44% to \$13.49 billion, attributable mainly to a \$1.37 billion increase in payables.

- Shareholders' equity climbed 7.65% to \$2.95 billion; the result of a 13.23% increase in fair value reserves to \$822.73 million, and a 10.13% increase in retained earnings to \$1.08 billion.

CAPITAL ADEQUACY

The Capital base of Barita Investments Limited remains in compliance with regulatory requirements. This is set out in the following key ratios:

	FSC Requirement	Barita Achievement
Capital to Risk Weighted Assets	10%	18%
Capital to Total Assets	6%	18%
Capital Base to Tier 1 Capital	50%	96%

OUTLOOK

We remain positive in our outlook as local fiscal conditions and global economies continue to show steady improvement.

Barita remains resolute in enhancing value for all our stakeholders by observing the competitive landscape in which we operate, taking advantage of strategic investment opportunities as they arise, and effectively managing our costs.



Rita Humphries-Lewin
Chairman
February 8, 2018.

CONSOLIDATED PROFIT & LOSS STATEMENT AS AT DECEMBER 31, 2017

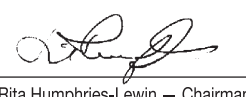
	UNAUDITED 3 Months Ended December 31, 2017 \$,000	UNAUDITED 3 Months Ended December 31, 2016 \$,000
Net Interest Income and Other Revenue		
Interest Income	254,952	270,270
Interest cost of Repurchase Agreements	(174,171)	(193,115)
Net Interest Income	80,781	77,155
Fees and Commission Income	117,111	105,180
Foreign Exchange Trading and Translation Gains	(54,595)	4,679
Gain/Loss on Sale of Investment	14,207	21,610
Dividend Income	2,134	3,196
Other Income	1,437	189
Net Operating Revenue	161,075	212,009
Operating Expenses		
Staff Costs	88,566	80,489
Administration	77,817	67,764
Impairment of Available -for-sale investment	-	20,000
Impairment of Investment in Associated Company	-	-
	166,383	168,253
Profit before Taxation	(5,308)	43,756
Taxation	(33,457)	(28,164)
NET PROFIT/(LOSS) FOR THE PERIOD	(38,765)	15,592
Number of Shares in Issue	445,877	445,877
Earnings per stock unit	(0.09)	0.27

BASIS OF PREPARATION

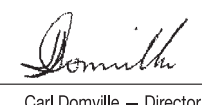
These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 of the audited financial statements for the year ended September 30, 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	UNAUDITED DECEMBER 2017 \$,000	UNAUDITED DECEMBER 2016 \$,000	AUDITED SEPTEMBER 2017 \$,000
ASSETS			
Cash and bank balances	854,814	652,044	429,123
Securities purchased under resale agreements	3,356,850	2,262,545	3,356,850
Marketable securities	3,001,740	6,830,542	2,486,220
Pledged Assets	8,060,829	4,309,175	7,901,516
Receivables	182,213	363,992	679,196
Taxation recoverables	3,614	-	3,614
Loan receivables	365,836	356,725	354,558
Interest receivables	181,010	177,788	200,609
Due from related parties	86,191	320	76,813
Property, plant and equipment	264,522	229,931	269,364
Intangible assets	37,521	67,948	34,192
Investments	55,000	55,000	55,000
Deferred Assets	-	-	-
Total Assets	16,450,140	15,306,010	15,847,055
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Bank overdraft	-	582,909	15,339
Securities sold under repurchase agreements	11,568,777	11,273,593	11,969,626
Payables	1,371,224	248,672	563,923
Interest Payable	51,378	65,705	61,216
Due to related parties	15,049	114	5,776
Taxation	129,738	73,361	96,280
Deferred tax liabilities	358,984	316,533	358,983
Total Liabilities	13,495,150	12,560,887	13,071,143
Shareholders' Equity			
Stated capital	736,304	745,494	736,304
Capital reserve	93,133	69,799	93,133
Fair value reserve	822,727	726,621	604,884
Capital Redemption Reserve	220,127	220,127	220,127
Retained earnings	1,082,699	983,082	1,121,464
Total Shareholders' Equity	2,954,990	2,745,123	2,775,912
Total Liabilities and Shareholders' Equity	16,450,140	15,306,010	15,847,055



Rita Humphries-Lewin – Chairman



Carl Domville – Director

Barita

INVESTMENTS LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE 3 MONTHS ENDED DECEMBER 31, 2017 CONT'D.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3 MONTHS ENDED DECEMBER 31, 2017

	STATED CAPITAL \$,'000	TREASURY SHARES \$,'000	CAPITAL RESERVE \$,'000	FAIR VALUE RESERVE \$,'000	CAPITAL REDEMPTION RESERVES \$,'000	RETAINED EARNINGS \$,'000	TOTAL \$,'000
Balance at 30 September 2016	736,304		69,799	500,551	220,127	967,490	2,494,271
Reclassification entries							
Profit for the period						15,593	
Other Comprehensive Income:							
Unrealised losses on available-for resale investments net of taxes				204,460			204,460
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				21,610			21,610
Adjusting Entries							
Total Comprehensive Income	-	-		226,070		-	226,070
Net profit						15,593	15,593
Ordinary Dividends Paid							
Balance at 31 December 2016	736,304	-	69,799	726,621	220,127	983,083	2,735,934
Balance at 30 September 2017	736,304		93,133	604,884	220,127	1,121,464	2,775,912
Profit for the period						(38,765)	
Other Comprehensive Income:							
Unrealised gain on available-for resale investments net of taxes				203,636			203,636
Gains recycled to the profit and loss account on disposal and maturity of available-for-sale investments				14,207			14,207
Adjusting entries							
Total Comprehensive Income	-	-	-	217,843		-	217,843
Net Profit						(38,765)	(38,765)
Ordinary Dividends Paid							
Balance at 31 December 2017	736,304	0	93,133	822,727	220,127	1,082,699	2,954,990

STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS ENDED DECEMBER 31, 2017

	UNAUDITED 3 MONTHS ENDED DECEMBER 31, 2017 \$,'000	UNAUDITED 3 MONTHS ENDED DECEMBER 31, 2016 \$,'000
Profit for Period	(\$38,765)	15,592
Unrealised gain on available-for resale investments net of taxes	203,636	204,460
Total Comprehensive Income	164,871	220,052

CONSOLIDATED STATEMENT OF CASH FLOWS AS AT DECEMBER 31, 2017

	UNAUDITED 3 MONTHS ENDED DECEMBER 31, 2017 \$,'000	UNAUDITED 3 MONTHS ENDED DECEMBER 31, 2016 \$,'000
Cash Flows from Operating Activities		
Net Profit	(38,765)	15,592
Adjusted for:		
Depreciation	14,427	12,118
Effect of exchange gain/loss on foreign balances	62,219	119
Interest income	(254,952)	(270,270)
Interest expense	174,171	193,115
Income tax expense	33,457	28,164
Gain on the disposal of property, plant and equipment	-	-
	(9,443)	(21,162)
Changes in Operating Assets and Liabilities		
Marketable securities	(515,541)	(724,896)
Securities purchased under resale agreements	-	423,094
Securities sold under repurchase agreements	(400,849)	(180,153)
Receivables	496,983	184,360
Loans receivable	(11,278)	67,816
Payables	840,760	(142,723)
Due from related companies	(105)	31,117
	409,970	(341,385)
Interest received	274,551	278,864
Interest paid	(184,009)	(145,387)
Income tax paid	(37,412)	(29,482)
Cash provided by Operating Activities	53,130	103,995
Cash Flows from Investing/Financing Activities		
Proceeds from the disposal of property, plant and equipment	-	-
Proceeds from sale of ordinary shares and irredeemable preference shares	-	-
Ordinary Dividends Paid	-	-
Interest paid on preference shares	-	-
Purchase of property, plant and equipment	(12,914)	(13,971)
Cash provided by investing/financing activities	(12,914)	(13,971)
Effect of exchange rate on cash and cash equivalents	286	1,796
Decrease/(increase) in net cash and cash equivalents	441,030	(270,727)
Net cash and cash equivalents at beginning of year	413,784	339,863
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	854,814	69,136